

September 23, 2005

The Manager
Company Announcements
Australian Stock Exchange

Dear Sir/Madam,

CP1 AND SUNLAND RELINQUISH BUDDS BEACH JOINT VENTURE

The Board of CP1 Limited in conjunction with Sunland Group Limited wish to announce that they have jointly agreed to relinquish their heads of agreement for the Budds Beach project at Surfers Paradise, currently operating as the Mercure Resort. The property is owned by CP1.

As stated in the announcement of December 1, 2004, CP1 entered into a joint venture agreement with Sunland to develop the Budds Beach site.

Both parties have decided not to proceed with the proposed joint venture as previously announced. CP1 will proceed with the development of the property in its own right with the project being managed by City Pacific Project Management Pty Ltd.

Yours faithfully,
CP1 LIMITED

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Managing Director & CEO

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